



NEWS RELEASE

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NEW RURAL RENTAL HOUSING DEMONSTRATION PROGRAMS HELP ENSURE QUALITY AFFORDABLE HOUSING TO TENANTS

WASHINGTON, April 6, 2006 - Agriculture Under Secretary for Rural Development Thomas Dorr announced today that funds are available through two USDA demonstration programs to help ensure the continued quality and affordability of rural rental housing complexes. Residents of rural rental housing properties financed through a Rural Development loan may be eligible for a short-term rental supplement, while owners of Section 515 rural rental housing complexes can apply for restructuring assistance for renovating complexes.

"USDA is committed to ensuring that tenants of our rural rental housing continue to have safe, decent and affordable housing," said Dorr. "These funds will also assist in keeping our rural rental complexes a place that families want to call home."

Eligible residents of rural rental complexes facing a rent increase when an owner decides to prepay their loan and leave the program may receive assistance through the USDA Voucher program. In addition, the Multi-Family Preservation and Revitalization Restructuring and Demonstration (MPR) program will allow for the restructuring of some existing USDA Rural Development rural rental housing loans.

The USDA Voucher program provides for \$16 million in vouchers available to low-income households that reside in a rural rental housing property financed through a Rural Development loan that was prepaid after September 30, 2005. Once such a property's loan is prepaid, it is no longer subject to its original affordable housing restrictions and the owner may dramatically increase rents.

The program offers protection to eligible housing tenants of these properties who may be subjected to economic hardship due to increased rent, thereby making their housing unaffordable. The vouchers assist tenants by providing a short-term rental supplement for the difference between the comparable market rent for their apartment and the rent they pay. Tenants may use the voucher at their current property or any other rental unit in the U.S. that passes Department of Housing and Urban Development (HUD) housing quality standards and where USDA vouchers are accepted.

Participation in the voucher program is voluntary. The voucher program will be administered jointly with HUD as stated in a March 1, 2006 Inter Agency Agreement signed by USDA and HUD. For further program details see the March 20, 2006 edition of the Federal Register http://www.access.gpo.gov/su_docs/fedreg/a060320c.html.

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In addition, applications are being accepted for available funding through the Multi-Family Preservation and Revitalization Restructuring and Demonstration (MPR) program. MPR allows for the restructuring of selected existing USDA Rural Development rural rental housing loans. Facilities that restructure their loans must remain available to low-income residents for the next 20 years. Funds will make sure existing owners of Section 515 rural rental housing complexes, and purchasers of such properties, will have sufficient resources to preserve the complexes.

Funding may be used for debt deferrals, revitalization grants, rehabilitation loans, soft mortgage loans, debt forgiveness and subsequent rehabilitation loans. For further details see the March 16, 2006 edition of the Federal Register, or visit <http://www.rurdev.usda.gov/rd/nofas/2006/031606mpr.pdf>.

Further information on rural programs is available at a local USDA Rural Development office or by visiting USDA's web site at <http://www.rurdev.usda.gov/>.

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